



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
HANCOCK COUNTY SHERIFF**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**  
**HANCOCK COUNTY**  
**RALPH D. BOZARTH, SHERIFF**  
**CALENDAR YEAR 1999**  
**FEE AUDIT**

**Description of Office:**

The office of the County Sheriff is mandated and regulated by state laws and regulations. The Sheriff has been charged with the responsibility of collecting taxes and providing protection to the public.

**Audit Results:**

The Auditor of Public Accounts has issued an unqualified opinion on the Hancock County Sheriff's financial statement for the period January 1, 1999 through December 31, 1999. An unqualified opinion is an opinion issued when the auditor, based on the audit work performed, believes the financial statement of the auditee is presented fairly in all material respects.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discuss the following areas of noncompliance:

- The Sheriff Should Have Maintained A Receipts Ledger And Disbursements Ledger As Prescribed By The State Local Finance Officer
- The Sheriff Should Have Made Deposits Weekly Or When Receipts Exceed \$200

**Statement of Receipts, Disbursements, and Excess Fees:**

The financial statement of the Hancock County Sheriff for calendar year 1999 reflects excess fees of \$41,857, which have been paid to the county.

**Notes to the Financial Statement:**

The Sheriff maintains a Law Enforcement Fund for law enforcement and drug related receipts and expenditures. The balance of the fund on January 1, 1999 was \$10,102. Receipts consisting of interest and drug forfeitures were \$1,136 for calendar year 1999. Disbursements, which were for the purchase, training, and transportation of a drug dog, were \$5,358 for calendar year 1999. The balance at December 31, 1999 was \$5,880.



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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Jack B. McCaslin, Hancock County Judge/Executive

Honorable Ralph D. Bozarth, Hancock County Sheriff

Members of the Hancock County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Hancock County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Jack B. McCaslin, Hancock County Judge/Executive

Honorable Ralph D. Bozarth, Hancock County Sheriff

Members of the Hancock County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following areas of noncompliance:

- The Sheriff Should Have Maintained A Receipts Ledger And Disbursements Ledger As Prescribed By The State Local Finance Officer
- The Sheriff Should Have Made Deposits Weekly Or When Receipts Exceed \$200

In accordance with Government Auditing Standards, we have also issued a report dated August 8, 2000, on our consideration of the County Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
August 8, 2000



HANCOCK COUNTY  
RALPH D. BOZARTH, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

State Fees For Services:

Finance and Administration Cabinet	\$ 1,110	
Cabinet For Human Resources	1,324	
Revenue Cabinet	<u>461</u>	\$ 2,895

Circuit Court Clerk:

Sheriff Security Service	\$ 6,025	
Fines and Fees Collected	<u>1,861</u>	7,886

Fiscal Court		1,735
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County Clerk - Delinquent Taxes		267
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Commission On Taxes Collected		105,067
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Fees Collected For Services:

Auto Inspections	\$ 4,095	
Accident and Police Reports	488	
Serving Papers	4,805	
Carrying Concealed Deadly Weapon Permits	<u>2,835</u>	12,223

Other:

Reimbursements	\$ 386	
Canine Donations	25	
Miscellaneous	738	
Add on Fees	<u>6,251</u>	7,400

Interest Earned		2,697
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Borrowed Money:

State Advancement		<u>46,098</u>
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Gross Receipts (Carried Forward)		\$ 186,268
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HANCOCK COUNTY  
 RALPH D. BOZARTH, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1999  
 (Continued)

Gross Receipts (Brought Forward)	\$	186,268
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Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$	21,089
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Contracted Services-

Advertising		974
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Vehicle Maintenance and Repairs		100
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Materials and Supplies-

Office Materials and Supplies		2,944
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Uniforms		5,454
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Departmental Equipment and Supplies		4,823
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Auto Expense-

Mileage		534
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Other Charges-

Conventions and Travel		55
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Dues		350
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Postage		2,194
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Training		3,669
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Carrying Concealed Deadly Weapon Permits		1,950
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Prisoner and Patient Transport		1,348
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Canine Unit		1,190
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Miscellaneous		2,126
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Borrowed Money:

State Advancement		<u>46,098</u>
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Total Disbursements

<u>94,898</u>
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Net Receipts

\$	91,370
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Less: Statutory Maximum

<u>49,513</u>
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Excess Fees Due County for Calendar Year 1999

\$	41,857
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Payments to County Treasurer:

April 10, 2000	\$	40,869
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August 8, 2000		<u>988</u>	<u>41,857</u>
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Balance Due at Completion of Audit

\$	<u><u>0</u></u>
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The accompanying notes are an integral part of the financial statement.

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1999  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Sheriff's Law Enforcement Fund

The Sheriff maintains a Law Enforcement Fund for law enforcement and drug related receipts and expenditures. The balance of the fund on January 1, 1999 was \$10,102. Receipts consisting of interest and drug forfeitures were \$1,136 for calendar year 1999. Disbursements, which were for the purchase, training, and transportation of a drug dog, were \$5,358 for calendar year 1999. The balance at December 31, 1999 was \$5,880.

## COMMENTS AND RECOMMENDATIONS



HANCOCK COUNTY  
RALPH D. BOZARTH, SHERIFF  
COMMENTS AND RECOMMENDATIONS

Calendar Year 1999

- 1) The Sheriff Should Have Maintained A Receipts Ledger And Disbursements Ledger As Prescribed By The State Local Finance Officer
- 

During our audit, we noted that the Sheriff did not maintain a receipts ledger or disbursements ledger. The uniform system of accounts, established under the authority of KRS 68.210, requires the Sheriff to maintain a receipts and a disbursements ledger. Lack of these ledgers causes a breakdown in the audit trail. We recommend the Sheriff implement these ledgers into his existing accounting system in order to be in compliance with KRS 68.210.

*Sheriff's Response:*

*Recommendation has been noted and corrected by implementing new computer accounting program.*

- 2) The Sheriff Should Have Made Deposits Weekly Or When Receipts Exceed \$200

During our test of receipts and proof of cash, we noted that deposits were not being made on a weekly basis. Except for state advancements and tax commissions, deposits were made monthly. Following good accounting practices would result in more timely deposits. We recommend the Sheriff begin making deposits weekly or when receipts exceed \$200 in order to protect the Sheriff against possible loss due to theft or catastrophe.

*Sheriff's Response:*

*Recommendation has been noted and corrected.*

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





# Edward B. Hatchett, Jr. Auditor of Public Accounts

## Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

Honorable Jack B. McCaslin, Hancock County Judge/Executive  
Honorable Ralph D. Bozarth, Hancock County Sheriff  
Members of the Hancock County Fiscal Court

We have audited the Hancock County Sheriff's financial statement as of December 31, 1999, and have issued our report thereon dated August 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Hancock County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is discussed in the comments and recommendations section, included herein.

- The Sheriff Should Have Maintained A Receipts Ledger And Disbursements Ledger As Prescribed By The State Local Financial Officer

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hancock County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Jack B. McCaslin, Hancock County Judge/Executive  
Honorable Ralph D. Bozarth, Hancock County Sheriff  
Members of the Hancock County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 8, 2000

